nova scotia power corporation

Annual Report
1983-84

84- 4540

Contents

Corporate Information	2
Historical Comparisons	3
Letter of Transmittal	4
President's Report	5
Financial Section	7
Statistics	8
Financial Review	9
Auditor's Report	10
Consolidated Statement of Operations	11
Consolidated Balance Sheet	
— Assets	12
— Liabilities and Equity	13
Consolidated Statement of	
— Retained Earnings	14
— Changes in Financial Position	15
Summary of Significant Accounting Policies	16
Notes to Consolidated Financial Statements	18
Comparative Statistics	23
Review of Operations	24

Cover

Front Cover: One of the major construction jobs undertaken during the past year was the Strait of Canso transmission line crossing. Highly innovative techniques and highly skilled personnel combined to successfully complete this 10,200-foot section of the Port Hastings to Onslow line.

Back Cover: "Bluenose Reflection" by Nick Honig, Thermal Production, was the overall winner in the Employees Photo Contest. This unusual photo of the Bluenose depicts the schooner reflected in the windows of the Maritime Museum of the Atlantic.

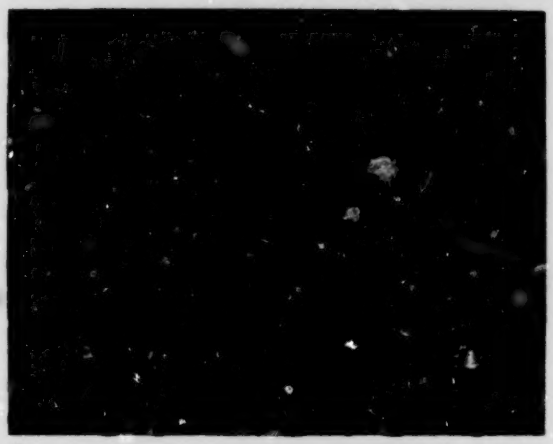
The inside back cover shows three other winners, clockwise, from top: "Eastern Cactus," by Atze Douma, Design and Construction; "Fireworks," another winner by Nick Honig; and "Winter in Haliburton Hills," by Donald Cameron, Thermal Production.

Annual Report

1983-84

This result, the best in the Corporation's history, was produced by . . . our on-going program of cost-effective expenditures, continuing productivity gains, the early completion of our Lingan No. 3 unit, continuing close attention to fuel management, greater than anticipated hydro production, increased sales and purchases through the interprovincial grid with New Brunswick, the fact that the new coal contract was not retroactive . . .

— President's Report



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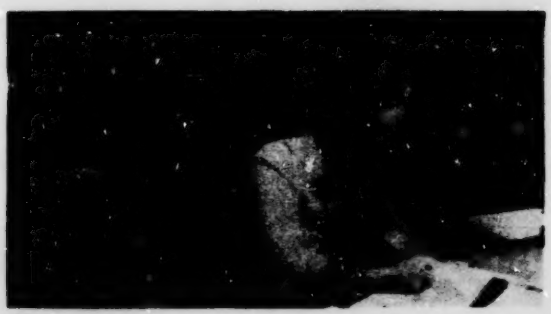

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1. New coal agreement signed between NSPC President Louis Comeau and Cape Breton Development Corporation President Steve Rankin.
2. The Corporate Strategic Plan was discussed at employee meetings.
3. Lingan No. 3 generating unit was completed ahead of schedule and under budget.
4. Hydro production was up 15.1 per cent from plants like Cowie Falls.
5. NSPC's Provincial Control Centre — a key to our interprovincial energy purchases and sales.

Corporate Information

Board of Directors

Allan F. Bruce
Truro

Louis R. Comeau
Halifax

C. J. (Jake) Creighton
Dartmouth

Robert A. Damery
Bridgewater

Lloyd K. Hill
Port Williams

John C. Keating
Dartmouth

G. Douglas Macdonald
New Glasgow

Joseph A. F. Macdonald, Q.C.
Halifax
Chairman

James G. MacDonald
Sydney

G. James McCulloch
Halifax

Cecil S. Smith
Liverpool

M. Barbara Walker
Halifax

Officers

Louis R. Comeau
President and
Chief Executive Officer

Gordon D. Mader
Senior Vice-President

Robert C. Fraser
Vice-President and
Chief Financial Officer

Kenneth W. McGrail
Vice-President, Corporate and
Public Affairs

Daniel G. Brown
Vice-President, Planning

Leonard J. Sweett
Vice-President, Operations

Aubrey T. Jeffries
Vice-President, Personnel and
Administration

Edwin A. LeBlanc, Q.C.
Secretary and General Counsel

Committees of the Board of Directors

Audit Committee

C. S. Smith *(Chairman)*
A. F. Bruce
G. J. McCulloch
R. C. Fraser *(Secretary)*
L. R. Comeau *(Ex officio)*

Compensation Committee

G. J. McCulloch *(Chairman)*
A. F. Bruce
J. G. MacDonald
L. R. Comeau *(Ex officio)*

Pension Committee

J. A. F. Macdonald, Q.C.
(Chairman)
C. J. Creighton
M. B. Walker
R. C. Fraser
K. W. McGrail
A. T. Jeffries
L. R. Comeau *(Ex officio)*

Centennial Scholarship

L. K. Hill *(Chairman)*
L. R. Comeau *(Ex officio)*

Head Office:

Scotia Square
1894 Barrington Street
Halifax, Nova Scotia
Telephone 902-424-6230
Telex 019-21736

Mailing Address:

Post Office Box 910
Halifax, Nova Scotia
B3J 2W5

Auditors:

Peat, Marwick, Mitchell & Co.
Halifax

Bankers:

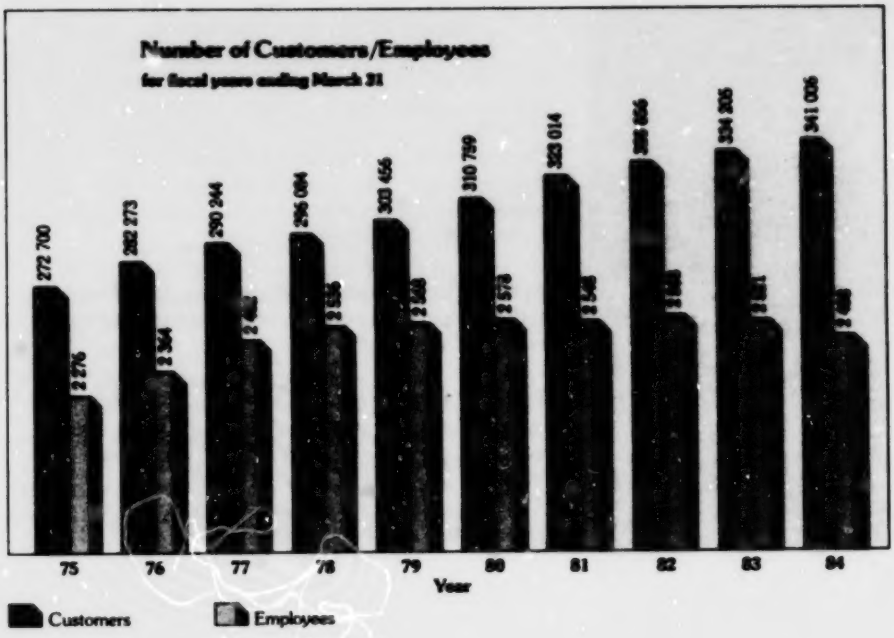
Bank of Nova Scotia
Royal Bank of Canada

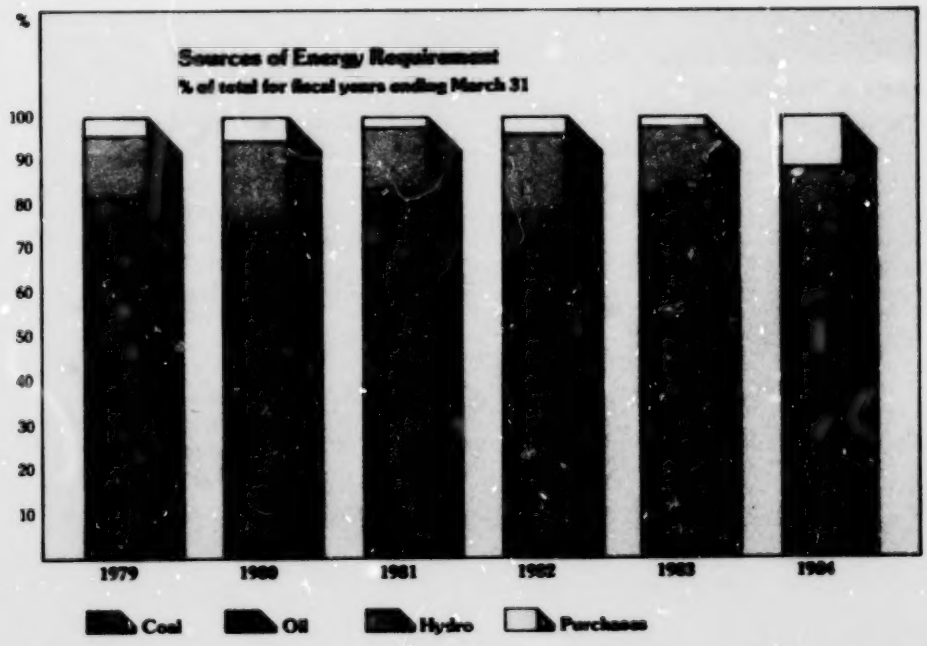
Solicitors:

Cox, Downie & Goodfellow
Halifax

Transfer Agent and Registrar:

Banking and Corporate Trust Dept.
Nova Scotia Power Corporation


Number of Customers/Employees
for fiscal years ending March 31
272 700
2 276
282 273
2 364
290 344
296 084
2 535
303 456
310 799
3 573
323 014
3 548
334 305
341 005
75
76
77
78
79
80
81
82
83
84
Year
Customers
Employees


%
Sources of Energy Requirement
% of total for fiscal years ending March 31
100
90
80
70
60
50
40
30
20
10
1979
1980
1981
1982
1983
1984
Coal
Oil
Hydro
Purchases

Letter of Transmittal

Joseph A. F. Macdonald, Q.C.
Chairman

To: His Honour
The Honourable Alan Abraham
Lieutenant-Governor of Nova Scotia

Sir:

I have the honour to submit herewith the sixty-fourth Annual Report of the Nova Scotia Power Corporation, together with financial statements for the fiscal year ended March 31, 1984.

As the report indicates, it was the most successful year in the Corporation's history both from an operational and fiscal viewpoint.

The operating surplus of $27.9 million is a credit to the management expertise prevalent in the Corporation and the day-to-day dedication of each and every employee.

The citizens of Nova Scotia will benefit, both in the short-term and in the future, from the accomplishments of the past year.

Respectfully submitted,

Joseph A. F. Macdonald, Q.C.
Chairman

The favorable results of the past year emphasize the Corporation's adherence to its dual role — meeting the needs of Nova Scotia for electric service at an acceptable standard of reliability and at the lowest long-term cost, and, secondly, serving the broad social and economic interests of Nova Scotia as defined by the Provincial Government.

The operating surplus of $27.9 million for fiscal 1983-84 provides the Corporation with sufficient funds in its Rate Stabilization Reserve to ensure that electric service rates will not increase before at least April 1, 1986.

No Government Grants

It is highly significant — and beneficial to Nova Scotians — that this surplus was accomplished with no direct financial assistance from the Province of Nova Scotia either in the form of grants or special payments.

This marks the first time in four years and only the second time in ten years that the Corporation has been able to fund its operations solely on revenue derived from the sale of electricity and steam.

The improved financial position of the Corporation enhances the efforts being undertaken to expand Nova Scotia's industrial base, as well as protecting the credit rating of the Province.

Coal Agreement

As an instrument of public purpose, the Corporation's new five-year coal pricing agreement with the Cape Breton Development Corporation will provide a long term market for thermal coal, an indigenous resource of the Province of Nova Scotia; and will allow for orderly mine development, stabilization of the coal industry and the attendent benefits to the provincial economy.

The new agreement will provide the Power Corporation with 2.3 million tonnes of coal annually and provide the Cape Breton Development Corporation with revenue approximating $800 million over the next five years.

Louis R. Comeau

President and Chief Executive Officer

The contract underlines the socio-economic impact that the Corporation, as a major industrial enterprise, has on this province. During fiscal 1983-84, 19 500 purchase orders were issued for materials, supplies and services totalling $277 million, of which 71 per cent, or $196 million, was spent through manufacturers, distributors and/or agents in Nova Scotia.

Regulations

During the year a comprehensive review of the Corporation's regulations was conducted. This review involved many corporate areas, including senior management, operations, legal, financial and customer service. The revised regulations, under which the Corporation provides its service, affect every one of our 341 000 customers and were placed before the Board of Commissioners of Public Utilities at a public hearing and approved in December 1983.

The Corporation's application was highlighted by the establishment of the position of Dispute Resolution Officer, increased availability of special billing plans, reduced charges for late payment, detailed procedures for collection of bad debts and a major recognition of our social and economic obligations to the people of Nova Scotia.

The Corporation is also concerned with its relations with major industrial customers and organizations and associations throughout the province. A number of meetings, presentations and participatory events have resulted in improved understanding and appreciation of electrical energy concerns by both the Corporation and its major customers.

Dedicated Effort

As the Corporation continues to pursue the fulfillment of its mandate, the role and dedicated efforts of our employees is a key component.

Communication of our Corporate Strategic Plan to all employees, through a series of meetings, began in 1983 and will continue during the coming year. At each meeting, approximately 200 employees were afforded the opportunity to communicate with senior management and participate in the planning process by providing valuable input for the future path of the Corporation's development.

The efforts of all employees were an integral part in the Corporation's goal to restore its financial integrity, evidenced by the $27.9 million operating surplus of the past year.

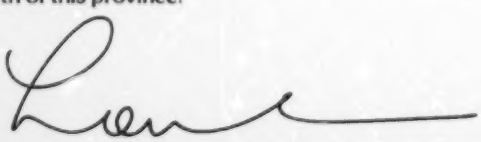
This result, the best in the Corporation's history, was produced by a number of internal and external factors that benefited the Corporation and, hence, its customers. These include our on-going program of cost effective expenditures; continuing productivity gains; increased availability of coal-fired generating units, including Lingan No. 3 which was completed ahead of schedule; continuing close attention to fuel management; greater than anticipated hydro production; increased sales and purchases of electricity through the interprovincial grid with New Brunswick; the fact that the new coal contract was not retroactive; plus the economic upturn in the province.

These contributions are illustrated by the fact the number of employees decreased by 63 notwithstanding a customer growth of 6 800; hydro production was 15.1 per cent above last year; cost of operations increased by only 5.8 per cent, the third lowest percentage increase in the past ten years; and total kilowatt hour sales including domestic, general service, industrial, municipal and grid sales, increased by 7.3 per cent to 6 246 501 000 kilowatt hours — the highest in history.

It should be noted that our total fuel bill of $179 million represents $30 million more than the combined annual fuel costs of Hydro-Quebec, Newfoundland Light and Power, Manitoba Hydro, B.C. Hydro, TransAlta and Saskatchewan Power.

The officers and employees of the Corporation are serving this province well, and I wish to express my gratitude to them, as well as to the Corporation's Board of Directors for their guidance and support.

I am confident that we will successfully attain our goals of stabilizing power rates, meeting the government's objective of reducing the subsidy to zero, and continuing to improve our rate position vis-a-vis other provinces, all of which will contribute to the industrial growth of this province.



President and Chief Executive Officer

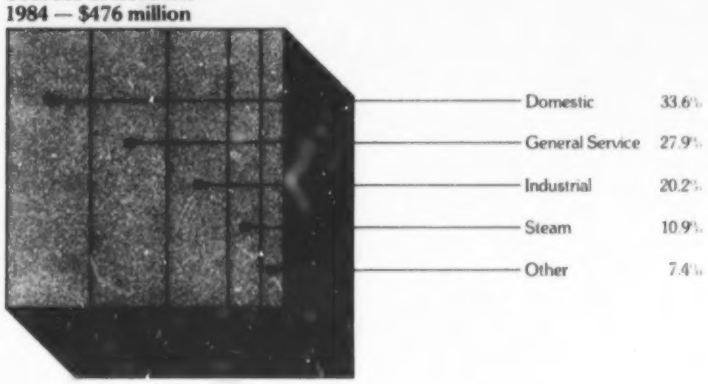
nova scotia power corporation

Financial Statistics

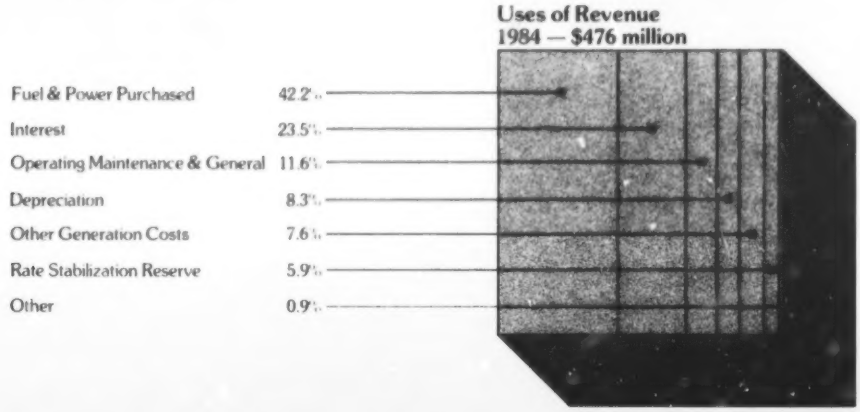
For the year ended March 31, 1984 with comparative figures for 1983

	1984	1983	Per Cent Change
	(in thousands)		
Electric Revenue	**$419,683**	$316,000	32.8
Steam Revenue	**51,962**	53,439	(2.8)
Total Cost of Operations	**336,514**	318,058	5.8
Fuel	**178,887**	189,877	(5.8)
Purchased Power	**21,990**	3,071	616.1
Depreciation	**39,695**	36,472	8.8
Interest	**111,663**	98,984	12.8
Net Proceeds from Long-Term Borrowing	**86,408**	187,007	(53.8)
Net Additions to Fixed Assets	**127,750**	155,122	(17.6)
Earnings (Loss) Before Grants	**27,904**	(43,756)	—
Net Earnings (Loss)	**27,904**	(1,501)	—

Sources of Revenue
1984 — $476 million



Uses of Revenue
1984 — $476 million



Financial Review

The Corporation has adopted an operating plan based on conversion to coal generation from oil, increased productivity, restrained spending and the elimination of government funding. During 1983-84, the Corporation made strides towards achieving these results.

Lingan 3 became operational in December 1983 and helped reduce oil-fired generation to 20% from 63% in 1979. No direct government funding for operations was received and still the Corporation achieved net earnings of $27.9 million, the largest in the history of the Corporation.

The total cost of operations was held to an increase of 5.8% while total revenue increased 27.5%.

Electric revenue increased $103.7 million, an increase of 32.8% over fiscal 1982-83. This increase was mainly due to the impact of the two-stage rate increase granted in December 1982. Electric service rates were increased 18.3% January 1, 1983 and 12.5% April 1, 1983. The increase in rates, the general recovery in the economy and increased sales to the interprovincial power grid with New Brunswick resulted in electric sales rising to record levels.

Steam revenue experienced a decline of $1.5 million or 2.8% from reduced steam sales to AECL's heavy water plants at Glace Bay and Pt. Tupper.

The total cost of operations was $336,514,000, $18.5 million or 5.8% higher than in 1982-83.

The cost of power generated-fuel decreased $11.0 million. The reduction resulted from Lingan 3 becoming operational, increased hydro generation, and an increase in the availability of favorably priced power purchased from New Brunswick reducing the requirement for more expensive oil-fired generation.

Operating, maintenance and general expenses increased $4.6 million or 9.1%. A restrained hiring policy resulted in staff levels decreasing for the second consecutive year, declining to 2 458 from 2 521.

Grants in lieu of taxes showed a small increase of $60,000 for the 5% increase in grants effective January 1, 1984.

Depreciation was $39.7 million in 1983-84, $3.2 million or 8.8% higher than the prior year. The increase reflects Lingan 3 and related transmission plant becoming operational during the year.

Interest expense increased $12.7 million, 12.8% for the year. During the year, the Corporation negotiated a $75 million, 12 1/2% twenty year issue dated December 20, 1983 on the Canadian domestic market and arranged $13 million in medium-term credit with suppliers of Lingan Unit 4.

Fixed asset spending was $127.8 million in 1983-84 as Lingan 3, a 150 megawatt unit, became operational and construction advanced on Lingan 4. Lingan 4 is also a 150 megawatt unit and is scheduled to become operational in July 1984. The completion of this unit completes the current construction program at the Lingan site. A total of 4 units will have been constructed providing a total of 600 megawatts of generation at an estimated cost of $500 million including related substation and transmission facilities.

The net earnings for the year of $27.9 million have been appropriated to the Rate Stabilization Reserve to bring the total balance of this reserve to $36.1 million.

Auditors' Report

To the Board of Directors
Nova Scotia Power Corporation

We have examined the consolidated balance sheet of Nova Scotia Power Corporation as at March 31, 1984, and the consolidated statements of operations, retained earnings, rate stabilization reserve and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the method of foreign currency translation as explained in Note 8 to the financial statements, on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Chartered Accountants

Halifax, Canada
June 8, 1984

Consolidated Statement of Operations

for the year ended March 31, 1984 with comparative figures for 1983

	1984	1983
		(in thousands)
Revenue		
Electric — note 6	**$419,683**	$316,000
Steam	**51,962**	53,439
Other	**4,436**	3,847
	476,081	373,286
Cost of operations		
Power generated – fuel	**178,887**	189,877
— other	**36,029**	33,389
Power purchased	**21,990**	3,071
Operating, maintenance and general	**55,448**	50,844
Grants in lieu of taxes	**4,465**	4,405
Depreciation	**39,695**	36,472
	336,514	318,058
Earnings before the following	**139,567**	55,228
Interest — note 7	**111,663**	98,984
Earnings (loss) before grants	**27,904**	(43,756)
Grants from Province of Nova Scotia	**—**	42,255
Net earnings (loss)	**$ 27,904**	$ (1,501)

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Consolidated Balance Sheet

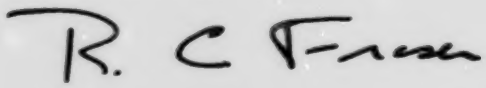
as at March 31, 1984 with comparative figures for 1983

ASSETS

	1984	1983
		(in thousands)
Fixed assets		
Property, plant and equipment in service	$1,385,166	$1,204,226
Less accumulated depreciation	383,999	348,802
	1,001,167	855,424
Construction work in progress	118,307	175,995
	1,119,474	1,031,419
Current assets		
Cash	82	90
Short-term investments at cost	42,515	35,255
Accounts receivable	44,237	54,211
Unbilled revenue	40,033	34,255
Inventories at cost	63,893	60,802
Prepaid expenses	1,134	691
	191,894	185,304
Long-term receivables	5,896	8,065
Deferred charges less amortization		
Unrealized foreign exchange costs	60,758	—
Financing costs	16,229	16,097
Other	321	839
	77,308	16,936
	$1,394,572	$1,241,724

APPROVED ON BEHALF OF THE CORPORATION

President and Chief Executive Officer



Vice-President and Chief Financial Officer

Consolidated Balance Sheet

as at March 31, 1984 with comparative figures for 1983

LIABILITIES AND EQUITY

	1984	1983
	(in thousands)	
Long-term debt		
Notes		
Province of Nova Scotia — note 1	$ 65,037	$ 66,415
Government of Canada — note 2	52,067	53,683
Other	28,659	15,797
Bonds and debentures — note 3	1,242,573	1,095,998
	1,388,336	1,231,893
Less		
Payable within one year — note 4	43,197	21,782
Sinking funds — note 5	141,366	101,527
	184,563	123,309
	1,203,773	1,108,584
Current liabilities		
Bank indebtedness	2,043	2,012
Accounts payable and accrued charges	40,605	37,122
Customers' deposits and accrued interest	1,750	1,457
Accrued interest on long-term debt	39,977	36,720
Long-term debt payable within one year	43,197	21,782
	127,572	99,093
Deferred credits	5,027	3,751
Equity		
Contributed surplus	13,327	13,327
Rate stabilization reserve	36,067	8,163
Retained earnings	8,806	8,806
	58,200	30,296
	$1,394,572	$1,241,724

Commitments — note 10

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Consolidated Statement of Retained Earnings

for the year ended March 31, 1984 with comparative figures for 1983

	1984	1983
	(in thousands)	
Balance at beginning of year	$ 8,806	$ 8,806
Net earnings (loss)	27,904	(1,501)
	36,710	7,305
Appropriation from (to) rate stabilization reserve	(27,904)	1,501
Balance at end of year	$ 8,806	$ 8,806

Consolidated Statement of Rate Stabilization Reserve

for the year ended March 31, 1984, with comparative figures for 1983

	1984	1983
	(in thousands)	
Balance at beginning of year	$ 8,163	$ 9,664
Appropriation from (to) retained earnings	27,904	(1,501)
Balance at end of year	$ 36,067	$ 8,163

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

for the year ended March 31, 1984 with comparative figures for 1983

	1984	1983
	(in thousands)	
Source of working capital		
Operations		
Net earnings (loss)	$ 27,904	$ (1,501)
Items not requiring an outlay of funds		
Depreciation	39,695	36,472
Amortization of deferred charges	7,265	1,850
	74,864	36,821
Proceeds from long-term borrowings less discount	86,408	187,007
Other transactions	3,445	548
	164,717	224,376
Use of working capital		
Net additions to fixed assets	127,750	155,122
Repayment of long-term debt	12,064	14,046
Increase in sinking funds on long-term debt	25,377	19,976
Increase in long-term debt payable within one year	21,415	167
	186,606	189,311
Increase (decrease) in working capital	(21,889)	35,065
Working capital at beginning of year	86,211	51,146
Working capital at end of year	$ 64,322	$ 86,211

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Summary of Significant Accounting Policies

March 31, 1984

Consolidation

The consolidated financial statements include the accounts of Nova Scotia Power Corporation and its wholly-owned subsidiaries, Nova Scotia Light and Power Company, Limited and Eastern Light & Power Company Limited.

Regulation

The Corporation is a crown corporation of the Province of Nova Scotia engaged in the production and sale of electric energy and steam, and is regulated by the Board of Commissioners of Public Utilities for the Province of Nova Scotia pursuant to the Public Utilities Act.

Property, Plant and Equipment

The property, plant and equipment of the Corporation are recorded at original cost net of contributions in aid of construction. Expenditures for additions, replacements and improvements, which are comprised of direct labour, material, engineering, and related overhead costs, are capitalized whereas repairs and maintenance are charged to operations. Interest on funds used during construction is capitalized monthly at an interest rate which represents the effective cost of capital determined at the preceding fiscal year end. For property replaced or renewed the original cost plus removal cost less salvage is charged to accumulated depreciation.

The excess of the Corporation's investment over the book value of subsidiaries and acquired power utilities was $30,197,000. This amount is being amortized on a straight line basis over terms ranging from 11-30 years. At March 31, 1984, the unamortized value included in the fixed assets of the Corporation was $15,154,000.

Depreciation is provided for by the Corporation on a straight line basis, based on useful life. The estimated useful lives for the major categories of plant in service are summarized as follows:

Functions	Useful Life in Years
Hydraulic Generation	63.6
Steam Generation	29.7
Gas Turbine Generation	23.8
Transmission	39.8
Distribution	29.4
General Plant	17.0

Property, Plant and Equipment (Continued)

Depreciation expense for the year ended March 31, 1984 included $1,195,000 representing amortization of the excess of investment over book value of acquired utilities.

Foreign Currency Translation

Foreign currency amounts are translated into Canadian funds substantially in accordance with the temporal method of foreign currency translation, whereby assets and liabilities so denominated are categorized as monetary or non-monetary items as follows:

(a) Monetary items:

Cash, other current asset and liabilities, sinking funds and long-term debt are converted to Canadian dollars at the rate of exchange prevailing at the balance sheet date. The resulting differences between the translation at the original transaction date and the balance sheet date that relates to long-term debt less sinking funds are shown on the balance sheet under deferred charges.

These costs are amortized to operations over the remaining life of the debt issue or the period over which the related sinking fund will retire the debt issue, whichever is less.

(b) Non-monetary items:

Fixed assets originally acquired in foreign currencies are translated to Canadian dollars at historical exchange rates.

(c) Revenue and expense items, including interest expense on long-term debt, are reflected in operations at the rate of exchange on the date of the transaction together with any other exchange gains or losses realized from transactions affecting current operations.

1. LONG-TERM NON-CALLABLE NOTES PAYABLE TO THE PROVINCE OF NOVA SCOTIA

	1984	1983
		(in thousands)
Loans made by the Province up to November 30, 1962 are repayable in equal annual installments including principal interest, and mature on varying dates from 1988 to 2001. Included in these loans are notes of $3,664,000 which contain a provision to refinance the remainder of the loan balance on varying dates from 1984 to 1991 at a rate of interest then to be determined. The composite rate of interest for these loans is 8.98 per cent per annum (8.88% — 1983).	**$15,037**	$16,415
Loans made by the Province after November 30, 1962 are repayable on a sinking fund basis with one-half of the loan payable in the twentieth year and the balance payable in the fortieth year, and mature on varying dates from 2007 to 2011. These loans contain a provision for refinancing on varying dates from 1990 to 1992 at a rate of interest then to be determined. The composite rate of interest for these loans is 7.69 per cent per annum (7.69% — 1983).	**50,000**	50,000
	$65,037	$66,415

2. LONG-TERM NON-CALLABLE NOTES PAYABLE TO GOVERNMENT OF CANADA

Loans from the Government of Canada are repayable in equal annual installments including principal and interest and mature on varying dates from 1992 to 2012. The composite rate of interest for these loans is 6.73 per cent per annum (6.72% — 1983).	**$52,067**	$53,683

3. BONDS AND DEBENTURES

Nova Scotia Power Corporation debentures (guaranteed by Province of Nova Scotia)

Serial Letter	Interest Rate %	Date of Maturity		1984	1983
				(in thousands)	
A	5 5/8	Mar. 1, 1992		$ 426	$ 426
B	6 1/4	Mar. 1, 1992		2,500	2,500
C	7	Mar. 1, 1992		690	690
D	7 3/4	Mar. 15, 1997	(U.S. $40,000,000)	39,889	39,889
E	8 1/8	Nov. 15, 1992		30,000	30,000
F	7	Dec. 1, 1987	(DM 45,000,000)	14,015	17,129
G	8 1/8	July 15, 1998	(U.S. $30,000,000)	29,961	29,961
H	8 1/4	May 1, 1984	(U.S. $ 4,000,000)	3,927	3,927
J	8 3/8	May 1, 1986-94	(U.S. $23,500,000)	22,929	22,929
K	9 1/2	July 1, 1984-94		3,509	3,752
L	10 1/2	Sept. 15, 2000	(U.S. $50,000,000)	51,230	51,230
M	10	Mar. 1, 2001		50,000	50,000
N	6 3/4	May 10, 1991	(SF 78,950,000)	31,037	31,037
O	9 3/4	Oct. 21, 2001		50,000	50,000
P	9 3/4	Nov. 1, 2001		5,000	5,000
Q	9 1/4	Feb. 22, 2002		50,000	50,000
R	9 1/4	Feb. 22, 2002		5,000	5,000
S	9 1/4	July 21, 2002		50,000	50,000
T	9 1/4	July 21, 2002		5,000	5,000
U	9.45	Dec. 1, 2002		15,000	15,000
V	9 3/8	Jan. 10, 2003		50,000	50,000
W	9 5/8	June 1, 2008	(U.S. $75,000,000)	84,034	84,034
X	10	Dec. 21, 1998		50,000	50,000
Y	9 3/4	May 15, 1989	(U.S. $39,500,000)	45,875	50,754
Z	11 1/4	Jan. 4, 2000		50,000	50,000
AA	11 1/2	July 15, 2005		50,000	50,000
AB	15 1/2	Dec. 15, 1991-86		75,000	75,000
AC	15 3/4	Jan. 28, 1988		25,000	25,000
AD	16 3/4	Aug. 10, 1987-92		75,000	75,000
AE	13 1/2	Dec. 1, 2002		100,000	100,000
AF	12 1/2	Dec. 20, 2003		75,000	--
				1,140,022	1,073,258

Nova Scotia Light and Power Company, Limited first mortgage sinking fund bonds (now unsecured but guaranteed by the Corporation and Province of Nova Scotia).

5 3/4	Apr. 1, 1984		6,706	6,979
6	Apr. 1, 1986		3,580	3,708
8 1/2	Apr. 15, 1991		9,659	9,953
			19,945	20,640

3. BONDS AND DEBENTURES (continued)

Eastern Light & Power Company Limited first mortgage sinking fund bonds (now unsecured but guaranteed by the Corporation and Province of Nova Scotia)

Serial Letter	Interest Rate %	Date of Maturity	1984	1983
			(in thousands)	
A	5 3/4	Jan. 2, 1985	$ 2,075	$ 2,100
Unrealized foreign exchange costs on long-term debt			80,531	—
			$1,242,573	$1,095,998

If the bonds and debentures repayable in foreign currencies were translated to Canadian currency at March 31, 1983 the total of $1,095,998,000 would be increased by $72,279,000 to $1,168,277,000.

The bonds and debentures are redeemable as provided under the terms of the respective issues.

4. LONG-TERM DEBT MATURITIES

Long-term maturities and sinking fund requirements, including those in foreign currencies, translated to Canadian currency at March 31, 1984 are as follows:

Year Ending March 31	(in thousands)
1985	$ 43,197
1986	39,137
1987	128,028
1988	123,582
1989	27,727
	$361,671

5. SINKING FUNDS

Sinking funds, including those in foreign currencies, consist of securities and cash held by the Corporation and trustees for the redemption of certain debt issues. Certain issues of bonds and debentures requiring annual redemption for sinking fund purposes provide that the Corporation may satisfy its obligation by purchasing bonds or debentures on the open market at any time prior to the due date at prices not exceeding 100% of the principal amount thereof.

The sinking funds in foreign currency were translated to Canadian currency at exchange rates in effect at March 31, 1984 and resulted in a reduction in unrealized foreign exchange costs of $14,462,000. (At March 31, 1983, if the sinking funds were translated to Canadian currency, the total of $101,527,000 would have been increased by $9,993,000 to $111,520,000).

6. ELECTRIC REVENUE

Electric revenue includes payments from the Province of Nova Scotia, of rate assistance on behalf of Corporation customers, of $35,694,000 for the current year ($23,671,000 — 1983).

Electric service is provided to the Province of Nova Scotia and its agencies at the appropriate class rates as approved by the Board of Commissioners of Public Utilities for the Province of Nova Scotia.

7. INTEREST

	1984	1983 (in thousands)
Interest on long-term debt	**$132,818**	$115,374
Amortization of financing costs	**1,437**	1,363
Interest on short-term borrowings	**288**	657
Foreign exchange costs — note 8	**13,977**	8,860
Other	**242**	231
	148,762	126,485
Less		
Interest charged to construction	**18,748**	10,501
Sinking fund earnings	**14,397**	10,525
Other investment income	**3,954**	6,475
	37,099	27,501
	$111,663	$ 98,984

8. CHANGE IN ACCOUNTING POLICY — TRANSLATION OF FOREIGN CURRENCIES

Effective April 1, 1983, the Corporation adopted on a prospective basis, the recommendations of the Canadian Institute of Chartered Accountants and changed its method of accounting for translation of foreign currencies to that described in the Corporation's Summary of Significant Accounting Policies — Foreign Currency Translation.

Prior to April 1, 1983, long-term debt repayable in foreign currencies, including long-term debt payable within one year, was translated to Canadian currency at the rate of exchange at time of issue.

This change in accounting policy resulted in a decrease in net earnings of $5,311,000 for the fiscal year ended March 31, 1984.

9. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed elsewhere in the consolidated financial statements.

10. COMMITMENTS

(a) As at March 31, 1984, the Corporation was constructing generation, transmission and other facilities estimated to cost approximately $185 million of which approximately $142 million has been expended and an additional $13 million has been committed under contract.

(b) The Corporation's employees are covered by the Public Service Superannuation Plan of the Province of Nova Scotia under which contributions are made equally by the Corporation and the employees. The Corporation provides pension benefits to employees of acquired utilities additional to those which are payable under the existing plans.

According to the most recent actuarial valuation, completed in December, 1983, $12 million of past service liability under this plan is unfunded. The annual amount required to fund all past service costs of the plan is $1.2 million for 18 years.

Comparative Statistics

(For Twelve Month Period Ended March 31)

	1984	1983	1982	1981	1980
Electric Energy Generated and Purchased					
(Thousand kW.h):					
Generated (net)	**6,016,378**	6,240,901	6,194,731	6,407,474	5,806,710
Purchased	**772,593**	128,774	284,886	116,866	319,580
	6,788,971	6,369,675	6,479,617	6,524,340	6,126,290
Losses & Internal Use	**542,470**	547,363	576,209	530,922	407,888
Electric Energy Sold	**6,246,501**	5,822,312	5,903,408	5,993,418	5,718,402
Energy Sales Billed (Thousand kW.h):					
Domestic Service	**2,102,796**	1,988,127	1,904,947	1,868,208	1,790,077
General Service	**1,685,649**	1,638,467	1,617,079	1,573,053	1,514,541
Industrial Power	**1,990,024**	1,904,744	2,045,931	2,089,092	2,071,989
Municipalities	**182,123**	176,331	176,752	185,203	254,880
Unmetered Services	**71,862**	70,749	70,545	70,117	67,376
Total In-Province Billed Energy Sales	**6,032,454**	5,778,418	5,815,254	5,785,673	5,698,863
Increase in Unbilled Sales	**21,226**	15,666	8,958	27,740	11,258
Grid Sales	**192,821**	28,228	79,196	180,005	8,281
Total Electric Energy Sales	**6,246,501**	5,822,312	5,903,408	5,993,418	5,718,402
Electric Revenue Billed (Thousand $):					
Domestic Service	**$ 160,186**	$ 119,294	$ 111,987	$ 109,782	$ 101,029
General Service	**132,656**	101,600	97,120	94,337	87,828
Industrial Power	**96,085**	73,420	74,262	73,132	69,865
Municipalities	**9,479**	7,299	6,928	7,280	9,770
Unmetered Services	**10,124**	7,815	7,426	7,253	7,022
Total In-Province Electric Revenue	**408,530**	309,428	297,723	291,784	275,514
Increase in Unbilled Revenue	**5,778**	5,741	1,040	1,335	3,390
Grid Sales	**5,375**	831	2,456	5,023	252
Deferred Revenue	**—**	—	—	6,276	(6,276)
Total Electric Revenue	**$ 419,683**	$ 316,000	$ 301,219	$ 304,418	$ 272,880
Average Unit Revenue per kW.h Billed					
Domestic Service	**7.62¢**	6.00¢	5.88¢	5.88¢	5.64¢
General Service	**7.87¢**	6.20¢	6.01¢	6.00¢	5.80¢
Industrial Power	**4.83¢**	3.85¢	3.63¢	3.50¢	3.37¢
Municipalities	**5.20¢**	4.14¢	3.92¢	3.93¢	3.83¢
Unmetered Service	**14.09¢**	11.05¢	10.53¢	10.34¢	10.42¢
All Classifications Combined	**6.77¢**	5.35¢	5.12¢	5.04¢	4.83¢
Number of Employees	**2,458**	2,521	2,568	2,548	2,578
Number of Customers	**341,006**	334,205	328,856	323,014	310,759
km of Transmission Lines (69 kV & Over)	**4,765**	4,631	4,435	4,452	4,262
km of Distribution Lines (36 kV & Under)	**21,595**	20,812	20,536	19,741	19,440
Cost of Fuel (Thousand $) — Coal	**$ 78,420**	$ 71,021	$ 55,848	$ 61,809	$ 39,376
Oil	**100,467**	118,856	115,971	98,030	90,002
Total	**$ 178,887**	$ 189,877	$ 171,819	$ 159,839	$ 129,378

Energy Sources

The Corporation's continuing movement to coal as the prime source of generation in the province is reflected in the fact that 53 per cent of last year's electrical requirements were met by coal-fired generating stations.

In total, thermal generation accounted for 73.26 per cent of the total requirements, hydro accounted for 15.36 per cent and purchased power, primarily from the New Brunswick Electric Power Commission, accounted for 11.38 per cent.

The largest portion of the province's electrical production was met by the Lingan Generating Station which produced 2 786 440 000 kilowatt hours — over 42 per cent of the Corporation's net requirement during 1983-84. Output from Lingan was some 500 million kilowatt hours greater than last year, attributable to the completion of Unit No. 3 which began commercial operation on December 17, 1983 — six weeks ahead of schedule.

Production from the Corporation's hydro installations amounted to 1 042 660 000 kilowatt hours, up 15.1 per cent from the previous year.

Advantageous purchases and sales through the inter-provincial grid with the New Brunswick Electric Power Commission provided substantial benefits to NSPC. Total purchases amounted to 770 048 000 kilowatt hours while sales to New Brunswick totalled 192 821 000 kilowatt hours.

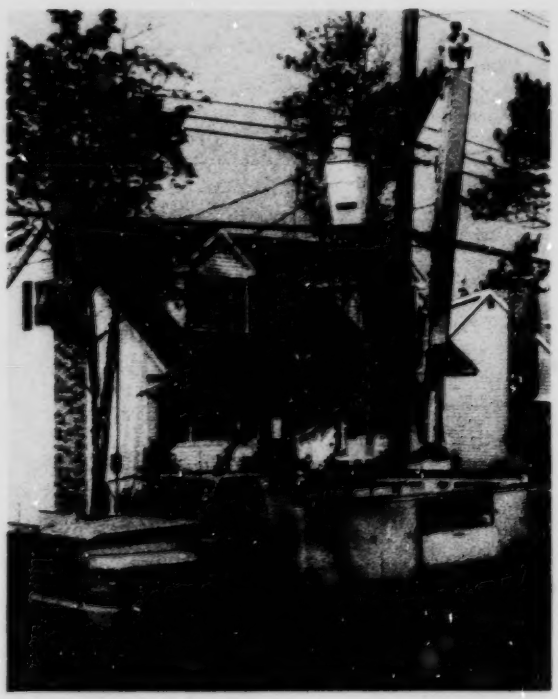
System Additions

Two new generating facilities were added to the system in 1983-84; the 3 megawatt Fourth Lake hydro station and the 150 megawatt Lingan No. 3 coal-fired unit.

Fourth Lake, completed at a cost of $4.3 million — including $1.4 million provided under the Canada-Nova Scotia Oil Substitution Agreement — was put into service in June, 1983. The unit, on the Sissiboo River, will produce 10 million kilowatt hours in an average water year.

The completion of Lingan's third 150 megawatt unit marked the latest chapter in the Lingan success story. It was the third time that a Lingan unit was completed ahead of schedule and under budget. Indications are that this trend will continue for Unit No. 4 which is scheduled for commercial operation at the end of June, 1984. In total the Corporation will have invested some $500 million in Lingan.

The Corporation continued its program to develop new small hydro sites and further develop existing installations. Estimates were prepared for a new hydro development at Fall River, Halifax County, and for the addition of a second unit at Nictaux.



The Corporation's distribution system required operating and maintenance expenditures of $22.5 million during 1983-84.

Construction of the Atmospheric Fluidized Bed Test Rig at Point Tupper was completed in the summer of 1983. The first 1 000 hour segment of the test program began November 1, and the program has been running successfully ever since. This portion of the program is due for completion in mid-1985, with the final test results and reports to be available by the end of March, 1986. The unit is a joint project of the Corporation and Governments of Nova Scotia and Canada in association with Combustion Engineering Superheater, Ltd.

To assist in delivering power throughout the province the Corporation invested $14.5 million in constructing new transmission lines and upgrading existing lines.

A new 230 000 volt line was completed between Port Hastings and Onslow including the innovative Strait of Canso crossing which was completed in September. Additionally, the 230 000 volt line from Port Hastings to Victoria Junction was uprated; the 138 000 line between Springhill and Maccan was rebuilt and a 69 000 volt tap line was constructed into Bridgetown.

Work also commenced on a 345 000 volt line between Onslow and Brushy Hill, near Halifax, and on a 230 000 volt line between Brushy Hill and Bridgewater. Both these projects are scheduled for completion in the summer of 1984.

To provide service to the new Rio Algom Tin Mine site at East Kemptville, Yarmouth County, a contract was awarded to construct a 69 000 volt line to this industrial complex.

To distribute its product, the Corporation undertook a $23.3 million capital construction program, including $17 million to provide service to new customers and maintain an adequate level of service to existing customers. The remaining $6.3 million was required for replacements, conversions and improvement of distribution facilities.

Operating and maintenance expenditures for the Corporation's distribution system amounted to $22.5 million, slightly more than anticipated due to weather related damage.

The trend to underground supply in downtown Halifax and Dartmouth continued during the year. Several other communities — notably Sydney, Yarmouth and Annapolis — have expressed interest in converting portions of their overhead systems to underground.

Productivity

An overall productivity gain was a component in last year's fiscal results.

In an attempt to continue this trend, the planning and forecasting systems throughout the Corporation have been enhanced. In the area of Transmission and Distribution Operations, for example, significant efforts are being made to develop and implement planned inspection and maintenance programs that will extend the life of our plant, minimize safety problems and maintain service reliability.

Safety is a high profile commitment at NSPC and its benefits have a highly positive impact on the Corporation's productivity.

Safety is a high profile commitment at NSPC and safety achievement awards, such as the one presented to St. Margaret's Bay hydro group by Director Barbara Walker, are tangible recognitions for employees who work accident free.

For the second consecutive year the Corporation will be receiving an award from the Canadian Electrical Association for a reduction in accident frequency rate of more than 25 per cent compared with the three previous years. Of the 14 major utilities that report to CEA, the Corporation is fourth best overall. We are aiming for number one.

This commitment is evidenced in all areas of operation. For example, the Corporation's fleet of vehicles had an accident frequency rate of 4.5 accidents per 100 000 kilometres travelled in 1983. This was the most favorable result in five years and contrasts with the Canadian utility frequency of 8.4.

Technology

The Corporation has always been in the forefront in utilizing and adapting to the latest in technological advancements in the generation, transmission and distribution of its product, exemplified during the past year by the application of new concepts and design in the transmission line constructed across the Strait of Canso.

But the utilization of new technology has gone well beyond the "traditional" utility operating areas.

The Corporation's major research project, "Marginal Cost Based Peak Pricing and Load Control Study" is continuing. The Study's objectives include the design and implementation of an equitable and economically efficient rate structure, and the evaluation of load management techniques for effectiveness in reducing peak loads and system costs.

The next step will involve participation by a number of customers whereby use of electric water heaters will be automatically restricted during peak periods. The data collected will provide valuable information for both the Corporation and the customer.

Computer technology has become a part of the fabric of everyday life both within, and outside the workplace, and the challenge exists for the Corporation to take advantage of these new capabilities in a coherent, integrated and productive manner.

During the past year the decision was taken to acquire a new main-frame computer. Conversion to the new system will be completed by the spring of 1986. Accordingly, plans are underway to adapt our on-line computer terminal network so that it can better serve all Corporation activities throughout the province.

An example of state-of-the-art technology will be visible in the field in the summer of 1984 when meter readers will be equipped with hand-held micro-computers, the newest innovation in meter reading techniques. Planning has been completed for the introduction of this new method which will provide numerous benefits to the Corporation and its customers.

The latest technologies are also being utilized by Office and Administrative Services. The centralized administrative support concept was fully implemented at Head Office during the past year.

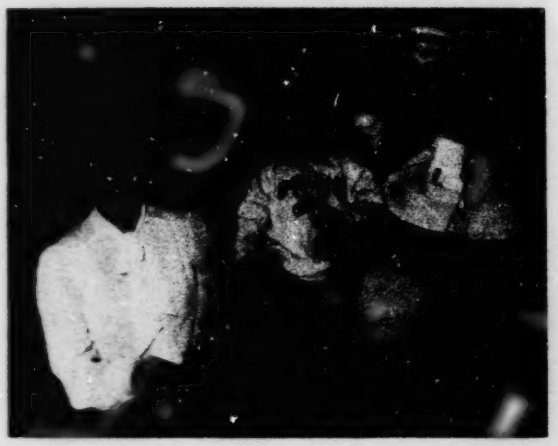
Our Customers

In an effort to enhance relations with customers, the Corporation sought, and had approved by the Board of Commissioners of Public Utilities, a number of new regulations which directly benefit customers.

These changes included:

- Establishment of the position of Dispute Resolution Officer responsible for resolving disputes between customers and the Corporation in any matter relating to provision of electric service, after normal complaint and inquiry procedures have been exhausted. The Corporation is the first electric utility in Canada to establish such a position.
- Reduction in the late payment charge from ten per cent to five per cent.
- New interim billing plan whereby all domestic customers may receive monthly bills.
- Introduction of a formalized settlement agreement process between the Corporation and customers whose accounts are in arrears.

Customer confidence in electricity as a heating source continued at a high level. Of the 6 512 new residential services added during the past year, 4 801, or 73.7 per cent were "all-electric".



Community involvement by Corporation employees has benefited many citizens of Nova Scotia. Employees contributed $35,000 for Melissa Dawn Mackie to help cover costs of a liver transplant operation. Melissa Dawn is shown above, with Bedford employees Helen Powell and Jim Horne. Halifax-Dartmouth area employees, and their families, shown below, raised some $6,300 in the Terry Fox Run. Additionally, the employees' charitable fund contributed $47,000 to various charities and agencies throughout the province.

The Corporation continued its active support of the National Energy Efficiency Program. Double E guidelines have become the accepted standard for new home buyers and the home construction industry in the province. The Corporation also provided equipment and assistance to Energy, Mines and Resources, Canada to monitor and evaluate the performance of a group of homes constructed to the new Super EE guidelines developed by Canadian electrical utilities, and adopted by EMR for the R2000 energy efficient home demonstration program.

As part of its commitment to assist customers, the "Wise and Efficient Use of Electricity in the Home" program was promoted at 34 public demonstrations throughout the province. These presentations are co-sponsored by local charitable or service organizations and provide invaluable opportunities to communicate with our customers, and raise funds for worthwhile community projects by the sponsoring organization.

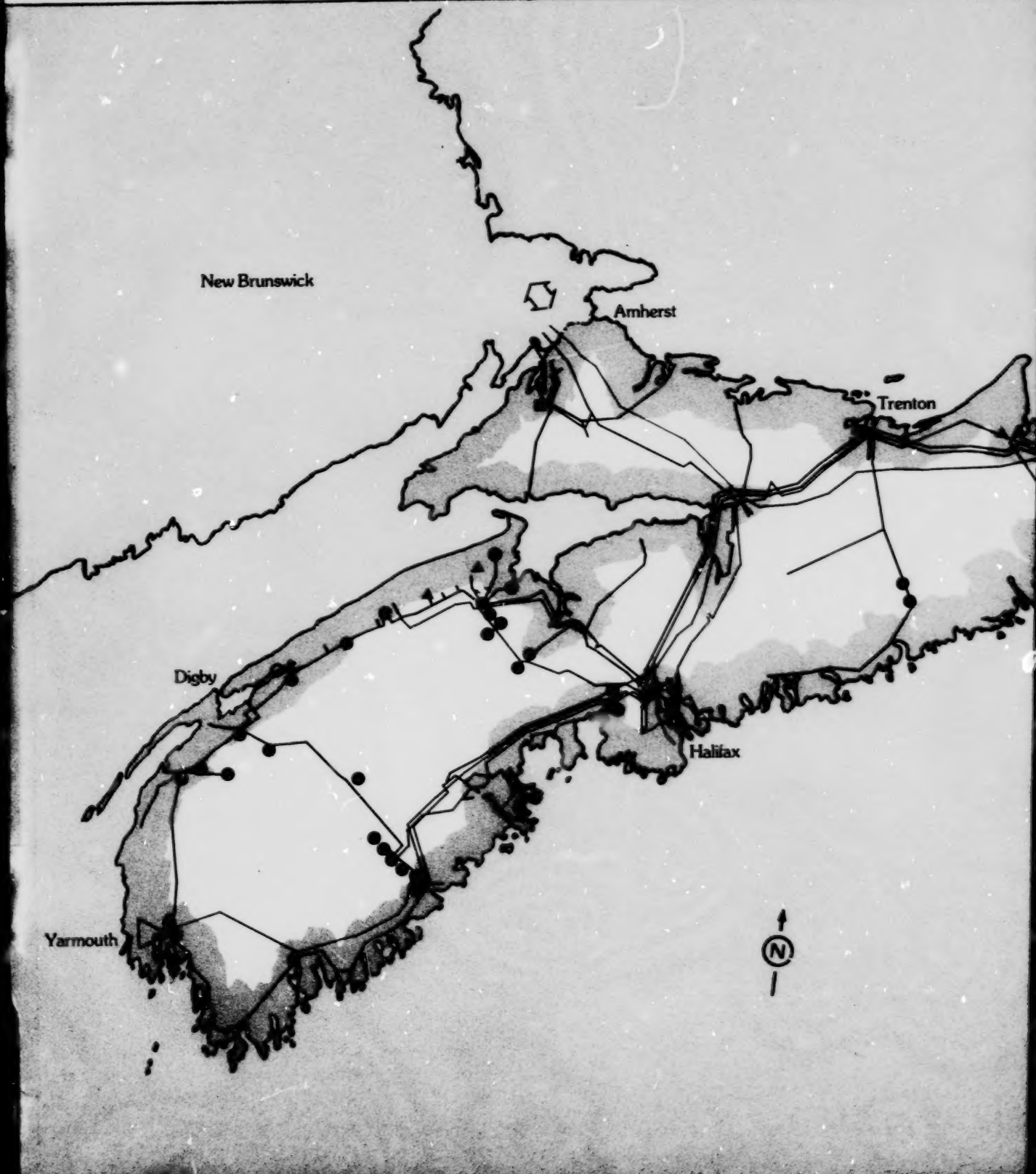
The Corporation is also aware of the environmental consequences which may be associated with the supply of the electrical energy needs of the people of Nova Scotia, and is cognizant of its legal and social responsibility to professionally manage any identified environmental hazard associated with its activities.

In keeping with these recognized obligations, the Corporation is committed to the development of cost-effective programs and measures which will contribute to an acceptable balance between conservation, protection and enhancement of the environment and the safe and reliable supply of electricity to the people of Nova Scotia.

The past several years have witnessed increased activity by the Corporation in environmentally associated activities, which required the expenditure of approximately $2 million during the past year.

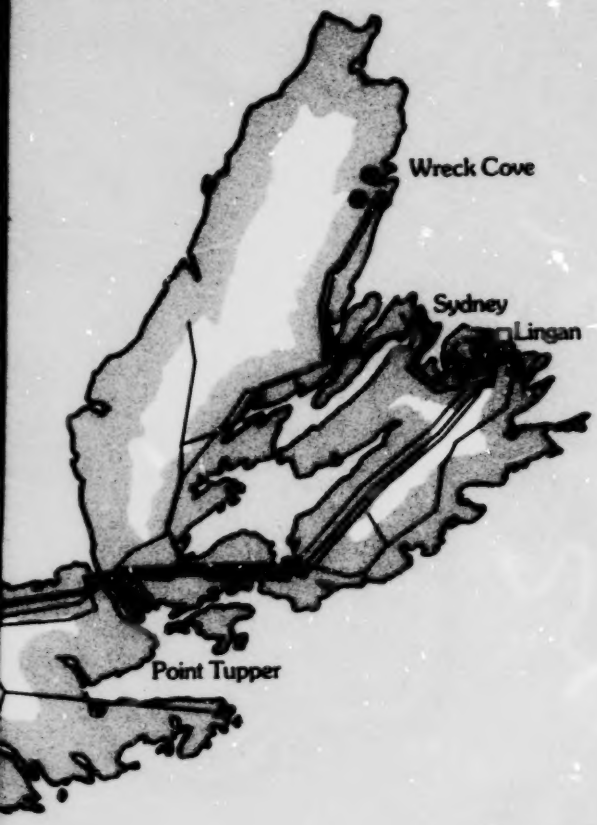
This work included the installation of new monitoring and other equipment at thermal generating stations, testing and analysis of stack emissions including particulate and gases, studies on acid emission reduction options, environmental impact studies related to new hydro developments, public information programs on the use of herbicides in brush control on Corporation transmission rights-of-way, the preservation of certain wildlife species in conjunction with the Department of Lands and Forests, and hazardous waste management.

These and other programs will continue, as will our close liaison with the Nova Scotia Departments of Environment, Fisheries, Lands and Forests, Environment Canada and Fisheries and Oceans Canada in order to fulfill our total commitment in such matters to the people of the province.

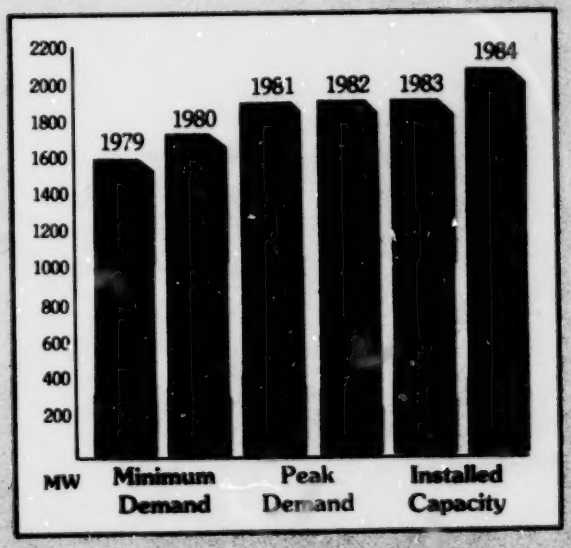

New Brunswick
Amherst
Trenton
Digby
Halifax
Yarmouth
N

Generation Statistics

(for the twelve month period ended March 31, 1984)



	Installed Capacity in kW	1983-84 Generation (kW.h × 1,000)
STEAM		
Lingan	451,350	2,786,440
Tufts Cove	350,000	1,006,565
Point Tupper	230,750	417,026
Trenton	210,000	1,000,565
Water Street	165,000	—
Glace Bay	96,000	126,293
Maccan	15,000	19,032
	1,518,100	5,355,921
GAS TURBINE	168,575	2,042
HYDRO		
Total 32 Plants	361,402	1,042,660
WIND TURBINE	300	13
TOTAL CAPACITY	2,048,377	
TOTAL GENERATION		6,400,636
Less: Station Service		384,258
NET GENERATION		6,016,378
Purchases		772,593
Inter-Provincial Sales (to NBEPC)		(192,821)
NET REQUIREMENT		6,596,150



Legend

Transmission Lines

- 69 kV
- 138 kV
- 230 kV
- 345 kV

Plants

- Hydro
- Steam
- Gas Turbine
- Wind Turbine
- Municipal Utilities

Under Construction

- Hydro - Annapolis (Tidal Power Corporation)
- Steam - Lingan